



0% HOME IMPROVEMENT LOAN PROGRAM FACT SHEET

0% HOME IMPROVEMENT LOAN PROGRAM - A BRIEF DESCRIPTION

The City of Tucson has allocated funds from its Federal CDBG Program to fund the **0%** Home Improvement Loan Program. This program offers home improvement loans as low as **0%** interest rate to qualified homeowners with limited incomes. An example of how the program works is if the current market rate for home improvements loan is 8.5%, the interest rate offered to qualified borrowers applying through this program could be **0%**. In addition, regardless of fluctuations in the market rate the City will continue to buy down the interest rate to as low as **0%**, to low and moderate and very low median income qualified borrowers. Qualified borrowers with incomes, up to, and including 80% of the median shall receive a reduced rate as low as **0%**.

ELIGIBILITY CRITERIA

In order to be eligible for financial assistance under the **0%** Home Improvement Loan Program, the following criteria must be met:

- A. The applicant must own and occupy the property to be repaired and the property must be located within the Tucson City limits. Mobile/modular homes are eligible for the program if they are permanently affixed to the land.
- B. Wells Fargo Bank, utilizing the bank's guidelines and qualifying measures must approve applicants for a loan.
- C. Real estate taxes, mortgage payments and assessments need to be current and the property must be free of any delinquent liens/encumbrances.
- D. An applicant must be within the following established HUD area median income limits of 80%, which are subject to change, for the family sizes given below:

<u>Family Size</u>	<u>Income Limit</u>	<u>Family Size</u>	<u>Income Limit</u>
1	\$27,550.00	5	\$42,500.00
2	\$31,500.00	6	\$45,650.00
3	\$35,400.00	7	\$48,800.00
4	\$39,350.00	8	\$51,950.00

- E. Applicant cannot have more than \$10,000.00 in liquid assets, which will not be used to fund the rehabilitation work.

0% HOME IMPROVEMENT LOAN PROGRAM BENEFITS/GUIDELINES AND ELIGIBLE REPAIRS

The minimum loan amount eligible for subsidy is \$5,000.00 with the maximum subsidized loan amount capped at \$40,000.00, all loans must be secured by real property. Loans from \$5,000.00 to \$15,000.00 will be allowed a maximum interest subsidy payment equal to 50% of the loan amount. Loans over \$15,000.00 to \$40,000.00 will be allowed a maximum interest subsidy payment equal to 33.33% of the loan amount or \$7,500.00, whichever is greater. Loan funds must be used for eligible rehabilitation work. No refinancing of existing debt is permitted. Applicant will identify the proposed rehabilitation work to be preformed with the proceeds. In addition to the lien securing the note to Wells Fargo Bank, applicant will execute a lien in the amount of the interest subsidy paid by the Program; to the City of Tucson; for a period of five years and reducing at the rate of 20% per annum. Applicants may use the loans to finance a wide array of improvements, including roof replacement, room additions for overcrowded conditions (upon approval), upgrading heating and cooling systems, painting, plumbing, electrical repairs, fencing or block wall construction, insulation, and installation of energy efficient windows and energy-saving appliances. Pools and spas are ineligible under the program. Assistance will be provided to homeowners by City staff to determine what work is eligible under the **0%** Home Improvement Loan program.

The City of Tucson will also assist homeowners with the completion and submission of loan applications and supporting documents. In addition, the City will provide the qualified homeowners with counseling on how to select contractors and how to work with contractors. Program staff will conduct a final inspection to ensure that the work was completed. City of Tucson, Development Services, will issue and clear all required permits for code compliance.

For additional information or an application write or call:

City of Tucson - CSD/CCD
0% HOME IMPROVEMENT LOAN PROGRAM
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